

Message Text

PAGE 01 CASABL 00375 170848 Z

14

ACTION AF-18

INFO OCT-01 EUR-25 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 SS-15 NSC-10 DODE-00

PA-03 USIA-12 PRS-01 L-03 H-02 STR-08 RSR-01 /172 W
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R 161535 Z MAY 73

FM AMCONSUL CASABLANCA

TO SECSTATE WASHDC 2179

INFO USINT ALGIERS

AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY TUNIS

AMCONSUL TANGIER

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E. O. 11652: N/ A

TAGS: EIND, MO

SUBJECT: CASABLANCA REACTION TO MOROCCANIZATION DECREE OF
MAY 7

REF: RABAT 2214

1. SUMMARY: REACTION CASABLANCA FOREIGN BUSINESS COMMUNITY
TO MAY 7 MOROCCANIZATION DECREE GUARDED. CONCERN NOW OVER
HOW GOM WILL IMPLEMENT DECREE. FRENCH CG, WHOSE 47,000
MEMBER COMMUNITY STANDS TO LOSE MOST, HAS COUNSELED COLLEAGUES
TO BE " NEITHER OPTIMISTIC NOR PESSIMISTIC" ABOUT APPLICATION
NEW LAW. HE FEAR SMALL FRENCH BUSINESSMEN (ABOUT 3,000)
WILL BE HARDEST HIT. LARGE ENTERPRISES WILL PROBABLY BE ABLE
TO MAKE REQUIRED ADJUSTMENTS. IT CLEAR ALL FOREIGN BUSINESSES
MUST HAVE REASONABLE PLANS FOR MEETING NEW MOROCCANIZATION
PROVISIONS BY 1974 AND 1975 DEADLINES. END SUMMARY.

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PAGE 02 CASABL 00375 170848 Z

2. AT MAY 15 MEETING US AND WESTERN EUROPEAN CONSULS GENERAL
WHOSE BUSINESS INTERESTS WILL BE MOST AFFECTED BY MOROCCANIZA-
TION DECREES OF MAY 7 AND MARCH 2, FRENCH CONSUL GENERAL
ROYERE TOLD GROUP HE HAD INFORMED HIS STAFF AND FIRST FRENCH

ENQUIRERS TO BE " NEITHER OPTIMISTIC NOR PESSIMISTIC" ABOUT IMPLEMENTATION NEW DAHIR (SUMMARIZED IN RABAT REFTEL). HE RECALLED EARLIER WARNING BY CASABLANCA GOVERNOR ALAOUI TO " BEWARE OF MOROCCAN SHARKS" WHO WOULD TRY TO USE MOROCCANIZATION THREAT TO BLACKMAIL FOREIGN BUSINESSMEN. AT SAME TIME HE NOTED GENERAL INTENT OF FRENCH COMPANIES TO ACCELERATE MOROCCANIZATION OF EQUITY AND PERSONNEL TO LARGEST EXTENT POSSIBLE. HE SAID L' HUILE LESIEUR, LARGE FRANCO- MOROCCAN EDIBLE OIL ENTERPRISE, ALREADY HAS 50 PERCENT MOROCCAN CAPITAL, BUT IF TOP MANAGEMENT JOBS WERE TO BE MOROCCANIZED PRECIPITOUSLY, THERE WOULD BE SERIOUS MANAGERIAL PROBLEMS.

3. HE AND OTHER COLLEAGUES, NOTABLY SPANISH CONSUL GENERAL, BELIEVED LARGE FOREIGN DOMINATED COMPANIES WOULD BE ABLE TO ACCOMMODATE TO NEW DAHIR. HOWEVER, SMALL FOREIGN ENTREPRENEURS, ESPECIALLY FRENCH AND SPANISH, WILL BE HARD HIT. ROYERE ESTIMATED 3000 SMALL FRENCH BUSINESSMEN AND INDUSTRIALISTS IN CASABLANCA WOULD HAVE TO SELL OUT TO MOROCCANS. THIS WOULD AFFECT ABOUT 10,000 FRENCH CITIZENS (OF 47,000 IN CASABLANCA) WHO WOULD PROBABLY LEAVE CASABLANCA OVER THE NEXT YEAR OR TWO. SPANISH CG ESTIMATED THAT UP TO 7000 OF 8000-9000 MEMBERS SPANISH COMMUNITY COULD BE SIMILARLY AFFECTED.

4. PRINCIPAL EXCEPTIONS NOTED IN DAHIR: FOR EXAMPLE, OIL COMPANIES, MINES, HOTELS, PHARMACIES, SHOWED MOROCCAN CONCERN OVER SECTORS WHICH STILL NEEDED LARGE FOREIGN INVESTMENTS. A MAIN PROBLEM FOR THIS GROUP WOULD BE TRANSFER OF FUNDS REALIZED FROM SALE OF UP TO 51 PERCENT OF INTEREST OR TOTAL SALE TO MOROCCAN PURCHASER.

5. GENERAL IMPRESSION WAS THAT KING HASSAN WAS ATTEMPTING TO " OUTBID" THE OPPOSITION PARTIES IN PROPOSING A COMPREHENSIVE MOROCCANIZATION PROGRAM. IT REMAINED NOW TO SEE HOW ENFORCEMENT WOULD BE HANDLED.

6. COMMENT: THUS FAR, AMERICAN BUSINESS REACTION HAS BEEN
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PAGE 03 CASABL 00375 170848 Z

GUARDED, AS IS OURS. SO MUCH DEPENDS NOW ON GOM ENFORCEMENT. PERIODICALLY, MOROCCAN AUTHORITIES HAVE TOLD US MOROCCANIZATION MEASURES WILL BE NEITHER BRUTAL NOR CAPRICIOUS. HOWEVER, IT CLEAR FOREIGN ENTERPRISES MUST NOW HAVE REASONABLE PLANS FOR MEETING DEADLINES OF MAY 31, 1974 AND MAY 31, 1975 REQUIRED BY THE DECREE.
NELSON

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